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THE REFORM CLUB
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Address on the Money Question

DELIVERED BEFORE THE

Houghton Honest Money Club.

BY

T. L. CHADBOURNE.

PUBLISHED FOR THE CLUB, AUGUST, 1896.

Mr Chairman:

It seems to be important before speaking directly of the money question involved in the present political campaign, to have clear ideas upon two or three subjects, not difficult in themselves, but about which many people are in doubt, or wholly uninformed. I hope it may be clearly understood that I am far from thinking myself specially well informed upon the subject, and know well that there may be many others who listen to me who are much better informed. Yet it is better to take the risk of seeming to instruct you upon matters in which you are already well instructed, than the contrary risk of omitting to explain and to make clear certain questions upon which some of you may not be well informed, the same being matters which should be rightly apprehended before the main question is discussed.

WHAT IS MONEY?

And first let us clearly understand what in fact *money* is. We have heard people say that the Gov-

ernment can make money and does make money. Now, the fact is, that this Government never did make money, never will make money, nor can it make money. Money always has consisted, and always will consist, of certain articles of desire, and of convenience, which communities have, from time to time, used for the purpose of making exchanges easy.

Before money of any kind was made use of, trade existed and was carried on by the direct exchange between man and man of articles of merchandise possessed by each, or of labor on one side against merchandise on the other. As soon as the community in question became of any considerable size, the wants of that community would increase, and as their wants increased their trade would increase.

This state of things soon made necessary the adoption or use of certain articles as money, and these articles were employed first, to make up the difference between the value of the articles of merchandise about to be exchanged,—that is by way of boot, and finally as the full and entire price of the articles to be purchased.

Money has therefore consisted in different ages of the world and in different communities of a great variety of articles. Cattle were once used as money, and when they were so used, sheep and goats were possibly used as small change. Shells and beads have been used as money and are still used as money in remote parts of the world and in small and barbarous communities; tobacco and peltry have been so used. Several of the metals have been used as money, and are now used as money. Iron was so used, and to some small extent is still, or was very lately, used as money. Copper was so used largely, and is still extensively used as money. Last and latest on the

list, and most extensively used, are gold and silver.

But all these articles as well as the metals, were, you will observe, valuable and marketable things. They were merchandise. Everything used as money, it is safe to say, at all times in the world *has been* merchandise, and in common demand as such; and nothing which is not an object of general desire, nothing which is not valuable in itself, nothing which cannot be readily exchanged for all other objects of commercial desire, is or can be money.

This being so, it is evident that our government at least never has made money, and does not make money. Our government does not raise cattle or tobacco, or mine gold or silver. That is not its business. The *people* do this and use these articles in trade as money. Governments can *adopt* as money what the people have already by common consent used as money, and that is all they can do in the matter.

In California in early days the people used gold-dust by weight as money and they used it commonly. The gold-dust was as good money precisely as the gold coin made of it.

We are not now dealing with representatives of money, but with money itself. We are not talking of paper promises to pay money, but of gold, silver, copper, iron, cattle, tobacco, beads, or whatever the money may happen to be.

Although it is the people, and the people exclusively, and not the government at all, that has made gold and silver money and keeps them as money, nevertheless the government does, and rightfully does, for the common convenience, prescribe the size of the pieces of gold or silver which are to be used as money, and give them names; but the gold or silver

in these pieces of money is uniform in quantity and fineness. A gold dollar contains twenty-three 22-100 grains of gold. A gold half eagle just five times that amount of gold. An eagle just ten times and a double eagle just twenty times that amount of gold.

The government does no more in this matter than it has to do when it establishes a unit of measure, like a yard, or a unit of bulk, like a bushel, or a unit of weight, like a pound.

Twenty-three 22-100 grains of gold in a button, would purchase just as many potatoes, just as much wheat, will command just as much labor as a one dollar gold coin of the United States, and this for the reason that the gold coin of the United States and the button contain twenty-three 22-100 grains of gold each. *It is that amount of gold*, whether in the coin, or in a button, which enables one to purchase the merchandise, or to hire the labor. The government therefore merely makes easier the use of gold by stamping upon a disc of it, which contains twenty-three 22-100 grains of gold, a motto which all who use it recognize as proof that it contains this weight of gold. Unless this were done by governments, or done by some one else by common consent, then exchanges, purchases and contracts of hiring could not be safely consummated without first weighing the metal and testing it by assay. It merely serves as satisfactory proof that the coin contains the weight of pure metal which the stamp upon it indicates, thus saving the test by weight and assay.

THE STANDARD OR BASIS OF VALUE, AND THE RATIO.

We hear every day about the gold standard, the silver standard and the double standard of value, and

it is worth while to have clearly in mind what these terms mean. A standard of value means precisely and identically what a standard of weight or a standard of length or a standard of bulk means. The gold standard means that all commodities and all labor and services are estimated, for convenience in effecting the exchange of the one for the other, in a common term; and that common term is with us, a gold dollar. So of the silver standard. In that case substitute the word silver in the preceding sentence.

The double standard, therefore, means the adoption of both gold and silver to which to refer, and in which to measure, commodities and labor, in the exchange of one for the other. But since gold and silver are not equally valuable, the same weight of one as against the same weight of the other, when it is desired to use them both as a standard, it is necessary first to ascertain precisely what they are worth, the one compared with the other; and it is necessary of course that coins of equal face value made from these two metals should conform weight for weight in pure gold and silver to the difference in value between gold and silver. The difference in value between gold and silver is ascertained precisely as is the difference in value between copper and iron, viz: by going into the markets and finding how much gold is offered and taken for how much silver, by common consent,—precisely as the difference in value between any two other metals, or other articles of merchandise, as for example iron and copper, is ascertained. When, therefore, a double standard of value is to be established, and whenever and wherever it has been established, the government which assumes the office of making and marking the coins of the two metals, by precisely such inquiry in the markets, determines

the relative value of the two metals against each other, weight for weight; and when it comes to coin and stamp its dollars, or other coins, in the two metals, puts into those two coins respectively such an amount of metal as, at the market value of the two metals, will make the two coins equal in value in the market.

In order to do this, in 1792 when the first coinage act of this government was passed, careful inquiry was made, and it was found that gold and silver stood in value the one to the other in weight as fifteen in silver to one in gold. The first coins of gold and of silver made by the United States conformed to that ratio, that is, the silver dollar then made contained fifteen times the weight of silver that the gold dollar contained of gold.

Values of all commodities in the market were then however as now, constantly changing, and it turned out in the time elapsing, between the passage of the law fixing the ratio and the first coinage of gold and silver under it, that the actual market ratio between gold and silver had changed, silver having fallen in value a little, or gold having risen in value a little. The gold dollars coined under that law were, therefore, more valuable than the silver dollars coined under that law, at that ratio, and the consequence was, that the gold dollar coin so called, having become more valuable in the market than the silver dollar soon ceased to be used as money and was hoarded, or melted up, and used in the arts in this country, or sold in other countries for its metal value.

In the year 1834 the ratio between gold and silver theretofore fixed by law was changed by Act of Congress, by decreasing the amount of pure gold to be put in a gold dollar, for the sole purpose of making

the two coins equal in value again. There were then no gold coins in use in this country, or practically none, they having been disposed of for the most part as above indicated. The pure gold in the gold dollar, by this law of 1834, was reduced from twenty-four 75-100 grains which it had been under the law of 1792 to twenty-three 22-100 grains of gold. The weight of pure silver in the silver dollar was not changed, and remained 371 25-100 grains of silver. The silver dollar containing 371 25-100 grains, and the gold dollar containing twenty-three 22-100, the two coins were, therefore, then at a ratio of 16 to 1 about, instead of 15 to 1. But it was shortly found that this ratio of 16 to 1 undervalued silver, as the previous ratio of 15 to 1 had undervalued gold. The coins of gold and silver such as were made under the law of 1834, down to 1878, had the same kind of experience which their fellows had had under the law of 1792. The silver which was, under the law of 1834, put into a silver dollar being more valuable in the market than the gold which was put into the gold dollar, the *silver* dollar soon ceased to circulate or to be used as money; that is to say, no man having a debt to pay or having labor to hire, who had dollars of gold and dollars of silver in his pocket, would pay out the dollars of silver, but always paid out the gold dollars; and the dollars of silver before long ceased altogether to circulate or to be used as money and were treated just as the dollars of gold had been previously.

In *name only*, therefore, from the foundation of this government down to the breaking out of the civil war in 1861, this nation was on a double monetary standard or basis, that is to say, the unit of value, which in our case was the dollar, was coined or might.

be coined under the law, out of either gold or silver; in the first half of that period in fifteen by weight in silver to one in weight in gold, and in the latter half of that period in about sixteen in weight in silver to one in weight in gold. But although nominally upon the double standard, yet because those proportions did not remain the market proportions between the two metals, during the first half of that period silver coins were used as money, and gold coins hardly at all, and during the latter half of the period gold coins were used as money and these silver dollars hardly at all, so that in fact and in practice we were on a silver basis to 1834, and on a gold basis shortly thereafter.

If there be two dollars, so called, of equal nominal value, the holder will in all cases keep the dollar of greater value and trade with or pay debts with the dollar of less value. The dollar which he keeps, he keeps because as a debt payer it will discharge no more indebtedness than the other dollar, and as a purchaser of commodities it will not, speaking in general terms, buy as much more commodities than the other dollar, as its real value exceeds the real value of the less valuable dollar. The dollar of greater value he will make such use of as will give him its full value; that is to say, he will sell it for example to a dealer in bullion, who, knowing the difference of the value of the two dollars, will give him its full value for the more valuable coin. Thus the coin of greater value will disappear from circulation and will no longer be used as money. This is a fact which the whole history of coinage, so far as it is of record, proves. Therefore, under the double standard of value we should expect to find the nominally equal coins of only one metal, either those of silver or gold,

at any one time in general circulation and use as money. This has proved to be true not only in this country but in all the countries of modern Europe; and it is a well known fact that any ratio fixed by the government of any country between the coins of these two metals has not for any appreciable time, represented truly the actual ratio between them. In France, for the purpose of conforming the legal ratio to the market ratio of their gold and silver coins, repeated changes were made in the legal ratio of the two metals in trying to preserve both gold and silver coins of equal denomination in circulation together side by side as money,—it is said not less than twenty-nine times. But all attempts to keep abreast of the market ratio have proved to be vain and useless, and for no considerable time in any country, so far as recorded history shows, have coins of the same denomination in gold and silver been kept in full circulation as money, side by side. Everywhere and constantly, the coin which in the market was of more intrinsic value than the corresponding coin of the other metal, has largely been melted up or exported or hoarded; and this is true even though the difference in value does not exceed the fraction of one cent. The thing cannot be done. Great Britain for this reason, practically abandoned the double standard late in the last century, and formally abandoned it by statute in 1816, making gold its sole monetary standard, its unit being the pound sterling. Other nations for the same reason precisely, but later, did the same thing. Our people did it in 1873. The Germans did it in 1871. The French, Italians, Belgians and Switzerland did it in 1876. Austria-Hungary in 1879, and so on.

It is easy to see that a double *monetary* standard

can no more be maintained *in practice* than a double standard of length, of measure, or of weight. If there were two standards of length both called yards, but one yard was an inch shorter than the other yard; or a double standard of weight, in pounds, one pound being an ounce heavier than the other pound, either the one kind of pounds or the other, or the one kind of length measure, or the other, would be abandoned in practice. Whatever the law may permit, in *practice* people will measure their transactions in one standard alone.

During most of our civil war and for some years after, indeed until the year 1879, excepting in the State of California and perhaps some other parts of the Pacific Slope, specie payments were suspended. People did not buy or sell *directly* either in gold or in silver. No gold or silver coins were in circulation. Indeed of those coined up to 1878 there were probably few American silver dollars in existence. Most of them had long before that time disappeared and ceased to be used as money. This country with the exception above noted was, during that period, upon a paper basis. The money unit called a "dollar" was represented by a government note payable on demand. These notes were promises by the government to pay a dollar, five dollars or ten dollars. They fluctuated in value, depreciating heavily in the early years of the war and afterwards appreciating, and finally recovering their full value only shortly before the resumption of specie payments in 1879. This rise or fall in value from time to time was, however, always marked and described by comparison with gold; never with silver. No man who lived between 1861 and 1879 ever heard this paper money compared in value with, or measured in value by silver.

Gold was said to be so much above par compared with the paper, or the paper was said to be so much below par compared with gold, and this was so because, as we have seen, from soon after 1834 down to the suspension of specie payments, the standard in use was the gold standard.

In 1873 Congress passed an act regulating the coinage. In this act no authority was given the treasury to coin dollars out of silver. Practically there were then no American silver dollars, and actually there were none at all in circulation as money. They were worth more than gold dollars and therefore had not been for nearly forty years in circulation. The fact to which I now desire to draw particular attention is this. That, save and except the time elapsing from shortly after the beginning of the war down to 1879, during which time we were upon a paper basis, but always estimated the value of the paper dollar in gold,—from the year 1834, or shortly after, down to the present day a "dollar" has always meant a dollar in gold, and never a dollar in silver. In all valuations of property, in all contracts, in all monetary transactions whatever between the people of the United States; in all the billions of times when they have had occasion to use the word "dollar" or "dollars;"—every time a pound of tea was sold or a railroad bought, every time a mortgage was made, every time a contract to build a house was made, upon every assessment roll in the land, with respect to every species of property valued upon it, "dollars" meant gold dollars containing twenty-three 22-100 grains of pure gold. This country is now therefore, and has been, in practice, for nearly sixty-two years, upon a gold ~~basis~~ ^{standard}; measuring all its commodities, all its lands and houses, and all its pecuniary transac-

tions, of whatever kind or nature, in gold,—meaning gold and nothing but gold whenever the term “dollar” or “dollars” was used or implied.

The fact that many million of legal tender dollars in silver were coined under the acts of 1878 and 1890, furnishes no exception to this statement since, as will hereafter be shown, these silver dollars are practically redeemable in gold dollars, and their value depends upon such redemption.

CURRENCY.

As has before been said “money,” properly and strictly speaking is, or is made of, that valuable commodity which is used to make exchanges of goods, against goods, or labor against goods.

Whatever it is, it is in itself valuable; and so valuable that all men in that community are willing to freely exchange for it their labor or their goods, knowing that they can at any time exchange *it* for an equal proportional amount of labor or of other goods.

Because it is in itself valuable, it is used as money, and would not be used as money but for this intrinsic value.

But by the word money as ordinarily used, we include many things which have in themselves no value, such as promissory notes payable to bearer on demand, issued by the government or by banks and bankers, and bills of exchange drawn by banks on other banks.

These only *represent* money. These have no value in themselves. They are valuable because they can be exchanged for money valuable in itself, and *so,elv* because of this fact. They are mere promises

to pay money. Actual money and these representatives of money may all be classed together under the name of “currency.”

The government of the United States during the civil war issued large amounts of promissory notes in various denominations, promising to pay “dollars.” Throughout the war and for many years after it, these, together with the notes of the National Banks, constituted the only currency, for there was no coin, either of silver or of gold, in circulation; and, in consequence, of the fact that specie could not be got for the notes, on demand, and of the fact that the confidence of the public in the ability of the government to redeem the notes in specie was shaken, and in further consequence of the great volume of paper so issued this currency varied greatly in value at different times, fluctuating with the fortunes of the war. At one time \$2.40 in these notes were required to purchase one dollar in gold. They were always measured by their worth in gold. Gold was popularly said to be at a premium of 10 per cent, 20 per cent, 40 per cent, and so on, more or less, meaning thereby that these notes were at a discount in those proportions as compared with gold,—had fallen so much below gold in value, dollar for dollar. Their value was always measured in gold—by the gold standard—never by silver.

BRIEF ACCOUNT OF MONEY LEGISLATION AFTER THE WAR.

In 1869, four years after the close of the war, in order to strengthen the public credit, and to re-assure the holders of the public obligations of all kinds, congress passed an act providing and declaring as follows, that—“the faith of the United States is solemn-

ly pledged to the payment in coin or its equivalent" of all such obligations, except in certain specified cases, and also solemnly pledging the faith of the United States to make provision at the earliest practicable period for the redemption of its notes in coin.

In 1875 was passed what was called the "resumption act,"—an act providing that on and after the first day of January, 1879, the government would redeem in coin its legal tender notes, and authorizing the secretary of the treasury for that purpose to issue and sell the bonds of the government to any extent necessary for the purposes of the act, thus fixing the date at which payment in specie would be resumed by the government.

At the time of the passage of this act the only legal tender "coin" of a dollar or more in use as money in the United States was gold coin. No dollars could be coined on public or private account, of silver, and there were probably few silver dollars of the United States in this country, or in the world.

Only 1,389,517 standard silver dollars were coined under the law of 1792. These were all coined before 1806. For thirty years after, none were coined. Under the law of 1834 there were coined down to 1878 only 6,576,631 of such dollars.

At this time too, silver had fallen in value in the market, and stood in the ratio of 1 in gold to 16.59 in silver. That is, the silver in a silver dollar was worth about 96 cents.

Between the time of the passage of this act, and January 1st, 1879, the date fixed for resumption, the secretary had collected and held in the treasury for redemption purposes in conformity with the act, more than \$100,000,000 dollars in gold, keeping the redemption fund, as it was called, at about that sum;

and this fund was to be used in the redemption of United States notes whenever and by whomsoever presented in the required amount, for that purpose.

This fund has been so used from that time to this, and *thus* from that time to this day the government has kept its faith and pledge to redeem its notes in coin, made as we have seen, in 1869 and in 1875.

In February, 1878, congress was induced to pass an act over the veto of President Hayes for the coinage of silver dollars at the ratio adopted in 1792, viz: 371.25 grains of pure silver in the dollar.

For the present it is sufficient to note that this act provided for coinage on *public* account only, that is to say, the government was *itself* to purchase the silver in open market at the *market price*, and was to receive all the profits of such purchases.

This act provided for the purchase of not less than two million, nor more than four million dollars worth of silver per month, and for the coinage of the same into silver dollars, and for the issue of silver certificates so called.

At this time the silver in a silver dollar was worth about 93 cents.

Under the act, from the time of its passage down to the time of its repeal in 1890, there was coined by the government on its own account 378,166,795 silver dollars.

The act made these dollars legal tender at their "nominal" value for all debts and dues public and private except where otherwise expressly stipulated in the contract.

This is commonly called the "Bland-Allison act."

In (July 14) 1890 was passed by congress what is commonly called the "Sherman act."

This act repealed the purchasing and coining

clause of the Bland-Allison act.

In lieu of the purchase and coinage of silver in the Bland-Allison act, this Sherman act of 1890 provided for the purchase of 4,500,000 ounces of silver bullion per month, or such part thereof as should be offered, at market prices not exceeding \$1.00 for 371.25 grains of pure silver, that being the weight of pure silver in the silver dollar. All silver purchased under it, was bought, of course, at rates far below this.

Government notes commonly called "Treasury notes" or "Sherman notes" were to be issued for the payment of this silver, redeemable in coin, and might be re-issued as fast as redeemed.

The act provided also that the secretary should coin each month 2,000,000 ounces of silver so purchased into silver dollars until July 1st, 1891, and thereafter as much as might be necessary for the redemption of the treasury notes issued for the purchase of the silver. This coinage also was upon public account, and all profit arising from the purchase was to go to the treasury.

The act further provides that the notes issued for the purchase of silver shall be redeemed in gold or silver coin at the discretion of the Secretary of the Treasury, at the same time declaring it to be "the established policy of the United States to maintain the two metals (silver and gold) on a *parity* with each upon the *present legal ratio*, or such ratio as may be provided by law."

At the time of the passage of this act gold stood to silver in the market at about 1 to 19.76, making the silver dollar worth about 75 cents.

November 1st, 1893, an act was passed repealing that part of the last act directing the purchase of

silver and the issue of treasury notes for such purchases, thus stopping such purchases and issues.

This last act contained the following declaration:

"It is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of *equal intrinsic and exchangeable* value, such equality to be secured through international agreement or by such *safeguards of legislation* as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of any dollar at all times in the markets and in the payment of debts."

THE PRESENT MONEY AND CURRENCY OF THE UNITED STATES, ITS VALUE, AND HOW THAT VALUE IS MAINTAINED.

As a consequence of the legislation above noticed and of the legislation during the war.

We have now in this country the following forms of currency.

1. Gold coins estimated (for 1895) in amount, at \$636,168,988.

2. Standard silver dollars estimated in amount at \$423,289,219.

3. "Greenbacks" i. e., treasury notes issued during the war and still kept in circulation \$346,681,016.

4. "Sherman notes" i. e., treasury notes issued for the purchase of silver under the act of 1890, called the "Sherman act," \$141,092,280.

5. Silver certificates issued under the Bland-Allison act of 1878, \$342,409,504 and more.

6. Notes issued by the National Banks, about \$182,500,000.

All this currency without exception, save the gold coins, is dependent for its value in trade absolutely upon the honesty, good faith, and pledged word of the people of this country made through the government on repeated occasions.

The "dollars" which are represented by the paper are as valueless as dried leaves should those pledges be wholly broken, as valueless as are now the paper dollars of the Southern Confederacy, the assignats of the French Revolution, or the notes of what was before the war called a "wild cat bank;" and valueless to the extent of the difference in value between silver and gold at 16 to 1, unless redeemed in gold.

The silver dollars are, unless these pledges are kept, valuable only to the value of the silver they contain—at present about 52 cents.

Each of these silver dollars will be worth, unless these pledges are kept, just what the silver in them may be worth from day to day, and from week to week in the open market after the pledge shall have been broken; and, as the daily market reports show, that value is constantly fluctuating.

Over and above the market price of the value of the silver in them, the silver dollars, should the pledge be violated, will be valueless.

Forty-eight cents of the value of each silver dollar will have disappeared absolutely and completely. Though still bearing the dollar stamp they will be worth not 100 cents, but 52 cents, or as the market may be.

All the paper dollars, and all the silver dollars,—every one of them, are now practically redeemable in and exchangeable for gold dollars,—dollar for dollar.

For greenbacks and Sherman notes, two of the forms of treasury notes before noticed, may be ex-

changed on demand at the United States treasury or subtreasury for gold dollars, dollar for dollar. The silver dollars in their turn are directly exchangeable at the banks for these treasury notes; so also are the bank notes and treasury notes called silver certificates; and these greenbacks and Sherman treasury notes are, as we have seen, directly exchangeable for gold, dollar for dollar; besides which the government receives the silver dollars at their face value for taxes.

This is why the silver dollar is *now* as good as the gold dollar, just as it is why the *paper* dollar issued by the banks, or the paper dollar issued by the government, and called a treasury note, is as good as a gold dollar.

They are all dollars on the gold standard, and dollars as good as the gold dollars, so long as the Government is able to maintain and does maintain its plighted faith; and no longer; not a minute longer.

You will remember that when the Government in 1875 decided to resume specie payments, and between that date and 1879, when specie payments were actually resumed, the Secretary of the Treasury, under the law of 1875, proceeded to accumulate in the treasury a stock of gold to the amount of one hundred millions of dollars; and that this stock of gold has been constantly used since 1879 whenever demanded, to honor and redeem these treasury notes of the Government above described, by paying them out dollar for dollar in redemption thereof, whenever and by whomsoever presented for that purpose. You will also remember that this practice has been kept up to the present day; although in order to keep it up, the Government has been forced, from time to time for the past three years, to issue its bonds for the purpose of obtaining gold with which to make such re-

demptions. The reason why, since 1893, it has been obliged to go into the market and borrow gold on its bonds for the purpose of making these redemptions will presently appear.

Now suppose the Government should cease to redeem its treasury notes in gold on demand. Suppose it should for good and all abandon that policy, either voluntarily, or for lack of the necessary gold, brought about by any cause you please, what would be the condition and value of this vast mass of currency which we have just described?

Since in that case *gold* dollars could no longer be obtained for paper or silver dollars, the paper and silver dollars would cease to represent *gold* dollars, and therefore would cease to be equal in value to *gold* dollars. The gold dollars themselves would of course remain of the same value, but what would be the value of the other dollars? The silver dollars would in that case be worth what the silver in them is worth,—say 52 cents: or as many cents from time to time as the amount of pure silver in the silver dollars might be worth in the market—now 50 cents, which was its value a short time since, now 52 cents which is its value now; now 48 cents should the value of silver decline to that point, and thereafter 55 cents should silver rise to that point in the open market, and so on.

The silver dollars would in the case supposed, be worth what the silver in them might be worth. The fact that they were marked "*dollars*" would make no difference whatever; being worth in the market but 52 cents, they could no more be worth in trade a dollar, or 100 cents, than they could be worth a dollar or 100 cents if they had in them only 2 cents worth of silver instead of 52 cents worth. This is easy to

see by taking an example. The Mexicans have a silver dollar which contains somewhat more silver than our silver dollar contains, and is therefore worth more than our silver dollar intrinsically. The Mexican dollar contains, at the present market price of silver as I remember, about 55 cents worth of silver. What is the Mexican dollar worth now and here? It is worth 55 cents and no more. You may get that for it but that is all you can get for it either in money or in trade; and that is all you can get for it because the government of Mexico does not keep it up to a higher value by redeeming it in gold. The Mexican government leaves it upon its own basis: Mexico is upon the silver basis, and therefore it passes in Mexico upon its own intrinsic value of 55 cents; and therefore it is worth here 55 cents and no more.

Take another test. Throw an American silver dollar into a melting pot and reduce it to an ingot. You can then get 52 cents for it. Just 52 cents and no more. You can get just 52 cents for it and no more because our government then ceases to be obliged to redeem or make it good. It is no longer a silver dollar issued by the government, for the value of which the government faith is pledged, but is a button of silver merely, salable and marketable like any other mass of uncoined silver. Throw a Mexican dollar into a melting pot and reduce it to a button. It is worth 55 cents, just what it was worth before. It is worth in the *button* no more and no less than in the *coin*, because the Mexican government treats its silver dollars and its silver bullion precisely alike. Now treat a gold dollar in precisely the same way. It is still worth one hundred cents, here and everywhere.

Should this government, then, be unable to redeem its silver dollars with gold dollars or should it volun-

tarily cease to do so, what would be the value of the *paper* dollars made on the government printing presses and the paper dollars of the banks made upon the same presses? What will *they* then be worth? They are worth now, as we have seen, and the reason for it we have seen, each a dollar in gold,—each, as it were, 100 gold cents.

But by the action of the government above supposed or its inaction, the silver dollar will become the only dollar, the only *actual* money in the sense we have above described. Every paper or representative dollar, whether issued by the government or the banks, will mean a dollar of silver, and will be just as valuable as a dollar of silver, and no more valuable. A dollar of silver is worth 52 cents. Therefore every government note of a dollar and every bank note of a dollar, being a mere representative of a dollar, and that dollar being a silver dollar, will be worth precisely what the silver dollar is worth,—neither more nor less; because the paper dollar is worthless as we have seen, unless it be redeemable in an actual dollar. The paper dollar is not money, but only represents money. The silver dollar will then be the only actual money, and the paper dollar will be redeemable in it.

It therefore follows that in the case supposed the (about) 423 millions of dollars in silver and the 1,000,000,000 and more of dollars in greenbacks, in Sherman notes, in silver certificates, in all forms of treasury notes and in the bills of the National Banks, instead of amounting in purchasing power to 1,423,000,000, and more, will amount in purchasing power to about 739,960,000 dollars, or in the proportion of 52 to 100.

Our currency will then be *contracted* by that enormous amount.

Such will therefore be the effect, and the inevitable effect, (an effect which no one disputes) upon the currency of the country, once the government becomes unable to redeem that currency in gold on demand, or once it determines no longer to do so.

I say no one disputes the fact I have stated, that the silver dollar will be worth under those circumstances just what the silver in it may be worth and no more; and that the paper of all kinds, representing dollars, will be worth just what the silver dollars are worth and no more. There are people who say that, should the inability of the government to redeem its promises in gold be brought about by the free coinage of silver dollars, the silver dollar would rise in value immediately, or at some future time, so as to be equal to the gold dollar. With such assertions we will deal hereafter.

The gold dollars will substantially be out of circulation. They will substantially cease to be used as money. You cannot keep in general circulation as money, dollars worth 100 cents, alongside of dollars worth 52 cents; nor indeed, as we have seen, alongside of dollars worth even 99 cents.

WHAT WOULD BE THE EFFECT UPON THE BUSINESS OF THIS COUNTRY OF THE CHANGE ABOVE SUPPOSED?

To fully understand the effects of such a change upon the business and the social well-being of this country, we should first remind ourselves of an important fact.

That fact is that silver dollars are and will remain as they now are, a legal tender for the discharge of

al debts except in the comparatively few cases where parties have contracted with each other for payment in gold. First, then, all debts and obligations, with the exception above stated, now existing, may then be paid and discharged in silver dollars, or in paper dollars representing them, worth 52 cents on the dollar.

These debts were contracted on the present gold basis. Merchants delivered to their customers goods purchased on the gold basis of 100 cents on the dollar, or creditors lent their debtors money worth 100 cents on the dollar. You sold your house for \$1000.00, or did work worth \$40.00, or performed a contract of any sort worth \$500.00, and in each case gave credit for the full amount, or your debtor failed to pay on time, and put you off. All these debts can be and indeed must be, discharged, dollar for dollar, in money worth 52 cents on the dollar, or worth as many cents as the silver dollar may be worth in the market at the time of the payment of the debt. Debtors not only *may* do this. They practically *must* do it,—will be forced to do it. They will be forced to do it because *their* debtors too would insist on paying *them* in 52 cent dollars. Most men are able to pay their obligations only by drawing upon other people for what is due to them. If you or I want to pay a debt, we collect the money to do it from some one who owes us, or we draw it from the bank, which is a transaction of the same kind. People would pay out only the dollars which they collected, and these dollars would be only 52 cent dollars. Almost every one is a debtor and creditor also, both at the same time, and all the time.

Thus we should be, by the events supposed, turned

into a people of repudiators. We should be forced to cheat our creditors. Is that a pleasant prospect?

But note what such a change will bring besides repudiation: that is to say, what will happen in the effort to forestall repudiation?

Most obligations incurred for work done, for money borrowed, for goods sold, are short time obligations. Goods are sold at wholesale on six months time at the longest, most of them on three months time or less. All, or almost all, bank loans are made on 93 days time or less. Compared with the entire amount loaned between individuals or corporations, the amounts loaned on six months or longer time, form a small proportion of the whole.

If the change from the gold basis to the silver basis shall be brought about by the free coinage of silver, as proposed by the wise men who controlled the political convention lately held in Chicago; that is to say, if the government is to be disabled from redeeming in gold, by the passage of a free silver coinage law, some considerable time must elapse between the time when the future passage of such a law is assured, and the time when the law would actually be passed.

Suppose Mr. Bryan shall be elected in November, and a free silver congress to keep him company. They could not assume office before the 4th day of March next. If on that day President Bryan should call the free silver congress into extra session, they could hardly get together and pass such a law before the 4th day of April. That would be five months between the certainty that the law would be passed and its actual passage.

What would the creditors of the country do in the interval? When I say creditors, I do not mean for a moment to give countenance to the absurd talk about the so-called "creditor class" and the so-called "debtor class." There are no such classes. We are practically all of us creditors, and all of us debtors, now and all the time. Every man in this room will find that true in his own case. It is true also of everybody else. We all owe money. To all of us money is owing. That is the way existence in these times is necessarily carried on.

What, I say, will the creditors holding these short time obligations do in the case put, or—what is the same thing—what will nearly *every one* do? He will immediately proceed to sue (if he cannot collect without suit) everybody who owes him in order that he may receive all that is his due, instead of receiving only *half* what is due him, as will be the case if he waits on his debtors till the law is passed.

He will proceed to judgment. Judgment will be obtained and the sheriff will sell the debtors goods and his land, to make the judgment good.

You think now, perhaps, that with their ordinary limited powers of mischief, lawyers and sheriffs are no better than a necessary evil.

What will be the state of society with this vast field of activity opened before lawyers, sheriffs and courts?

What will property be worth when a large percentage of it is at one and the same time exposed at public sale to the highest bidder?

Where are the buyers to come from? What will the property bring?

What sentiments will the judgment debtors entertain towards the judgment creditors?

It is needless to go further in this direction. You can see,—we all can see the loss, the heartburnings, the griefs and the hatreds which would accompany such proceedings.

Again, by what means is business done all over the land? How does the wholesale merchant buy his goods? On credit. How does the retail merchant buy his? On credit. How does the customer of the retail merchant buy his? For the most part on credit. How does the farmer buy his utensils and procure his help? Largely on credit. How does the manufacturer keep his machinery in repair and get the means to pay his force while his manufactured produce is awaiting sale? Largely on credit.

Men engaged in farming, in manufacturing, in selling goods, in performing contracts and work of all kinds which require time and money in the doing, operate largely on credit.

What is credit?

It is the belief which each man who is industrious and honest inspires in his neighbor that he can and will keep his promises to pay his obligations.

Credit is based upon character and property.

When Mr. Bryan shall have been elected, what will become of credit?

Who will lend money to the hundreds of thousands of people in business of all kinds without which they cannot do business? No one lends except on a reasonable assurance that he will get back as much as he has lent and something more for the use of his capital.

What assurance could the lender have on the supposed 4th of November next, that if he should loan

his neighbor \$1000.00 he would get back the \$1000.00. No lawyer could with his utmost ingenuity draw a mortgage or note which would give the lender such assurance, unless made payable in gold. But if made payable in gold the borrower might have to pay back much more than the \$1000.00 in an amount of silver equivalent to \$1000.00 in gold, for no man could say how much silver would be needed to buy the gold at the maturity of the note, on account of the frequent fluctuations of silver.

Neither borrowing nor lending would be reasonably safe, and therefore few would wish to borrow, and still fewer would be willing to lend.

Credit could not fail to be, for the time being, and until in the course of many months business had adapted itself to the vast change, enormously curtailed.

What would this mean? Inevitably an enormous curtailment of manufacturing, and of work on a large scale of most kinds; and an entire cessation of work in many instances; and that in turn would mean deprivation of customary work, and enforced idleness to immense numbers of laboring men and operatives and employes of all kinds.

Who can compute how many thousands, and hundreds of thousands of honest, hard working people might be turned out into the streets without occupation, or hope of occupation, for months to come, and that too for no fault of their own?

What might be the effect of that upon the social frame, and even upon the form of government we all love, no man can say.

Such disturbances of industrial conditions tend directly to social disturbance and disorder.

We may almost say they justify social disturbance and disorder.

Masses of men will not uncomplainingly suffer, or quietly starve when deprived of their livelihood; and least of all will they do this in cases where this sad state of things is brought about by unjust laws, or by revolutionary and arbitrary political measures.

Although Mr. Bryan is not willing to see us crucified on crosses of gold, is he willing to see us crucified on crosses of the other kind? Whatever he may think, he will find it is the punishment we object to, not the material of which the instrument of punishment is made.

In striving to bring before our minds the dire consequences which would certainly ensue upon such a shock to credit, and such a cessation or interruption of industrial undertakings, we may somewhat exaggerate, or we may somewhat underrate those consequences. I fear the latter is much more likely than the former.

Where are the savings of the people kept? In banks, in life insurance companies, and in building associations, and in a great number of benefit and mutual help and assurance companies of various names.

According to Mr. Carlisle's figures 2,000,000 of our people hold life insurance policies for the benefit of wives and children and others dependent upon them, or for the benefit of their estates.

3,500,000 are members of the various named benefit, assessment, co-operative and fraternal associations whose funds are devoted to re-imbursing the losses of their members arising from sickness as well as death.

6,919,598 are members of the industrial companies. Mr. Carlisle states the obligations of these companies and associations to their members at the almost incomprehensible sum of \$6,001,321,614.00.

The fees, premiums and assessments of all kinds paid to these companies and associations, by their members, for the purpose of protection for themselves and those dependent upon them against sickness and death, were paid in gold, or paper and other currency equivalent to gold.

These funds, if the Chicago wise men succeed in imposing their system upon the country, will be paid back in silver, or in paper based on silver; that is to say, will be paid out as benefits and death losses in 52 cent dollars, or in dollars varying from this value, up or down, according to the market for silver at the time of making the payments.

Thus this \$6,001,321,614.00 might become, when restored to the hands of those who paid it, or to those to whom it belongs, 52-100, or little more than one-half of that amount; if silver should rise somewhat, then so much more; if silver should fall somewhat below its present price, then somewhat less.

The returns of the National Banks to the government on September 28th, 1895, show individual deposits of \$1,701,653,521.28.

The deposits of banks other than National Banks, and of Loan and Trust Companies for the year 1893-1894, are given as nearly six billions of dollars (5,946,828,202).

These like the other amounts, would, if received by the depositors upon the silver basis, be, as above shown, about cut in two; or varying from that enormous shrinkage, up or down, according to the market value of silver.

If anyone is inclined to doubt this, let him reflect upon what has already been said, and see if he can find any way out of it.

1. Is there any escape from the statement that the silver dollar, having only 52 cents worth of silver in it, will be *worth* but 52 cents, when it ceases to be exchangeable for a gold dollar which contains 100 cents worth of gold?

2. Is there any escape from the statement that under the free coinage of silver dollars, having in them but 52 cents worth of silver, the gold coin will be driven out of general circulation as money?

3. Is there any escape from the statement that banks, insurance companies of all kinds, benefit and fraternal societies of all kinds under various names, and building and loan societies, will have to pay out their funds in the kind of dollars existing and in use as money, when these payments from time to time come to be made?

4. Is there any escape from the statement that *all* such companies and associations have their funds, for the most part, out on loans which will be payable, when due, in the kind of dollars existing when these loans are paid; and that the only, or the principal resources of such companies are these very loans?

5. Does any one doubt that the free coinage of 52 cent silver dollars would bring us at once or speedily, to a 52 cent silver basis? If so, let him tell us at some convenient time how it can be otherwise.

For observe:—

Free silver coinage means that the government mints will take from any one, silver bullion or silver in any form, coin it into dollars so-called, each dollar containing 371.25 grains of silver worth 52 cents,

and no more, and deliver these dollars to the same persons.

Does any one believe that should the government pass such a law, it would *continue* to redeem these silver dollars in gold dollars, or that it should or could do so if it would?

To do so would be to give the holders of silver one hundred cents in payment of each 52 cents presented by them in silver bullion. Free silver coinage, then, means necessarily the immediate or speedy abandonment by the government of its present policy of sustaining the present silver dollar at par with the gold dollar, and an immediate or speedy slump to the silver basis, on which basis about two of the then kind of dollars would be required to equal in value one of the present dollars.

The reason that the government has, to the present time, practically redeemed the silver dollars in gold dollars, is because the government has coined the existing silver dollars *on its own account*—at its own risk, and has, by its legislation, declared, as it was bound to declare, that it will keep those silver dollars at par with gold dollars, for precisely the same reason that it is bound to keep its paper dollars at par with gold. Besides, it has paid its obligations with these silver dollars, or with silver certificates, and so has received 100 cents for each of these dollars.

If it shall fail to keep its promise, the coining of the hundreds of millions of silver dollars under the Bland-Allison and Sherman acts will be held to be the vastest swindling operation on record in the history of the world.

The Chicago platform, as you know, declares for the free and unlimited coining of silver dollars at the

present ratio of 16 to 1, at which ratio the silver dollar is in itself worth but 52-100 of the gold dollar. That is to say, the silver in two of these silver dollars is worth but a trifle more than the gold in one gold dollar.

Those, therefore, who vote for that platform by voting for the candidates placed upon it, will vote for universal repudiation, as well as for the change from the present gold basis to a silver basis, unless they can satisfy themselves that the statements we have made on this subject are not true.

Mr. Bryan understands the purposes of those who nominated him as I understand them, for he said in his convention speech:

"The gentleman from New York says that he will propose an amendment providing this change in our law shall not affect contracts already made. Let me remind you that there is no intention of affecting those contracts which, according to present laws, are *made payable in gold*. But if he means to say that we cannot change our monetary system without protecting those who have loaned money before the change was made, I want to ask him where in law or in morals he can find authority for not protecting the debtors when the act of 1873 was passed, but now insists that we must protect the creditors."

The purpose, then, of Mr. Bryan is that the few contracts specifically payable in gold shall not be affected, but that all others may be paid in 52 cent dollars.

So that the bond indebtedness also of the government, amounting now to about \$847,000,000, is to be treated in like manner, and paid, interest and principal in 52 cent silver dollars.

Mr. Bryan's idea of what morality requires in this matter, is not shared by most honest men.

For one, I have no fears or misgivings about the result of this crisis, nor have I ever had. The people have but to understand the matter, to be wholly and unhesitatingly trusted to decide it rightly. If they do not now understand it, they will understand it before election day. When instruction has done its work,—and the work will be done and thoroughly done before election day,—no one with his eyes open will have any doubt about the result.

The people as a whole are honest. They do not believe in repudiation. They will not suffer it. They are proud of their government because it is a government "of the people, for the people and by the people." They will not suffer its good name and honor, which means their good name and honor, to be tarnished and disgraced by cheating, on a large scale or on a small scale. They will insist that the government shall pay *its* debts in full, nor are they looking for an opportunity to cheat *their* creditors.

The people are not dishonest I say, nor are they foolish. They will not allow their savings invested in associations of all sorts to be cut in two, or to be diminished at all. They intend to have, and they will have, the full amount they have by self-denial saved and put in the keeping of these agencies. They and their loved ones will need the whole of it, neither cut in two, nor diminished by dishonest legislation to the amount of one cent.

SOME FEW OF THE STATEMENTS OF FREE SILVER ADVOCATES BRIEFLY CONSIDERED.

It is not my purpose at the present time to at-

tempt to deal with all the statements made by the advocates of the free coinage of 52 cent silver dollars, in support of their contention, nor to now deal extensively with any of them. That has been done with thoroughness by able writers whose arguments you will have abundant opportunity to read. A few of them will here and now be briefly noticed.

CHEAP MONEY.

They say they are about to give us cheap money. What they mean by this perhaps I do not know. No man can learn from them what they mean by it.

In about equal numbers they contend, first: that the free coinage of silver will about double the number of dollars because it will take about two new dollars to equal one of the present dollars; and also to the contrary, viz: that a free silver coinage law will about double the present value of silver, in which case each one of the new dollars will be equal to each one of the present dollars.

If the first statement be taken as true, the only sense in which the new dollars can be called cheap will lie in the fact that it will take two of them to buy what one of the present dollars will buy.

If the second statement be taken as true, the new dollars will be equal in value to the present dollars, and therefore will not be cheap unless the present dollars also, are cheap.

The Marquette Mining Journal, which has so completely misrepresented this great commercial district upon this subject, maintains the latter view. This paper assures its readers that silver would immediately or almost immediately double in value, upon the passage of a free silver dollar coinage law.

In view of the fact that more than 420,000,000 of these dollars have been coined since 1878, and that silver has been falling during almost the entire time, that does not look likely.

Would you like to stake some billions of dollars or the Journal being a true prophet?

To suppose that silver would double in value immediately is preposterous. But should it rise slowly, general repudiation must still take place, and besides we shall, according to the statements of the silver advocates themselves, experience in that rise the same inconveniences attending the rise in gold which they say has taken place. In the same breath they deplore the misfortunes of people in the past because of the alleged rise in gold, and urge us to adopt a 52 cent silver dollar with the assurance that it too will rise in value. If the rise in gold was an evil, so by the same token, will be a rise in silver.

Free silver advocates persistently assert that free coinage at 16 to 1 will make 371.25 grains of silver worth 23.22 grains of gold, although now worth only about half that amount.

When, they cannot say, although upon the when depends the whole question of repudiation.

To the question *how* this will come about,—by operation of what causes, they say nothing except that free coinage of silver would create a demand for silver not now existing. But why that demand should operate to *just double* the present value of silver they fail to tell us. The ratio of silver to gold in the past 250 years or thereabouts has varied from about 10 to 1 to 32 to 1. Why should its free coinage now bring it to the level of 20 years ago rather than to that of 5 years ago, or 200 years ago?

In sober truth such statements have no basis in

reason. They are reckless predictions. They are in the nature of bets. Those who offer them invite us to stake our honor and national prosperity on a wager far wilder than the most reckless speculator in the wheat pit ever dreamed of staking a thousand dollars.

But on the former view, in what sense can the dollars be called cheap where it will take two of them to buy what one of the present dollars buys now.

That would benefit people to the same extent they would be benefited by a law making the yard 18 inches, instead of 36 inches, or the pound six ounces, instead of twelve.

You would in that case get two yards of cloth for the same money that one yard costs now, and two pounds of meat for the same money that one pound costs now, but the two yards then would still be precisely equal in length to the one yard now, and the two pounds then would be precisely the same weight as the one pound now. And the two quantities of cloth, and the two weights of meat then, would cover as much of a man's back, and satisfy as much of his appetite, as the one quantity and the one weight now,—precisely this, and no more.

There is no sense in which dollars can be cheap, any more than pounds can be light or miles can be long.

Dollars must be *earned*, whatever their composition or value. They have never been, and they never will be, distributed gratis or thrown into the streets for people to scramble for.

That standard of value is the best for everybody, rich and poor, democrat, republican or mugwump, which is the steadiest in value, and which is used by all the most progressive and commercial nations of

of the world; by the United States, by Great Britain, by France, by Germany, and other countries with which our trade is heaviest; and that is the gold standard.

The poor man's dollar is now the best dollar,—that which will buy the most, and that is the gold dollar. If there were any truth in the absurd statement that there should be one kind of money for the poor and another for the rich (which there is not) the poor man should have the best dollar.

Far be it from me to say, or to think, that all those who favor, or think they favor, the wild and destructive measures proposed in Chicago are dishonest. On the contrary I believe, and gladly say that I believe, the great body of them are honest,—but fearfully deluded men.

Among their leaders, however, and loudest spokesmen, we find men, who, if they expect to be thought honest, must pay the price of being *also* thought to be out of their heads.

For example, what are we to think of Gov. Altgeld of Illinois?

He is said to be the largest owner of an immense office building in Chicago.

The leases made to the numerous tenants of this building make the rents *payable in gold coin of the United States*. A *fac simile* of one of these leases was lately printed in full in one of the New York newspapers. That lease was dated in October, 1893, at the time when the contest in the senate of the United States was at its height for the repeal of the Sherman law of 1890, before noticed. It was then thought extremely doubtful whether the senate could be got

to concur in the repeal of that law; and everyone saw that if it were not repealed, and the purchase of silver for coinage was allowed to go on, with the constant emission of treasury notes to pay for that silver, the government might soon be unable to continue to redeem its paper in gold, and the country would before long slump to the silver basis because of that inability.

In these leases therefore, Governor Altgeld took good care that his income should be paid him in gold. Silver was not good enough for *him*. But silver *was* good enough for the employes who run the elevators, and the steam engines in his great building, and for the janitors and workwomen who keep it clean and in good order; and for all the working people of whatever station or office, who by their labor in that building kept it habitable for his tenants. He made no contracts to pay *them* in gold.

If the Sherman act had been suffered to stand, it would in my judgment, have been only a matter of months, and not many of them, before the government would have been forced to suspend payment in gold.

If Governor Altgeld is honest in his advocacy of free silver coinage, and of a change to the silver basis, why was he not content to receive *his rents* on the same basis, his employers were to receive *their pay*?

That is a hard question to answer, and the Governor is not here to reply. We must for the present be content with our own thoughts about it.

THE PRETENSE THAT THE SILVER BASIS IS GOOD FOR THE POOR.

In spite of persistent and irrational declarations to the contrary, this silver question is of more mo-

ment to the people who are comparatively poor than to people who are comparatively rich, or well to do

In that aspect of it wherein is involved the honest and upright dealing of the government with the people and of the people with one another, all of us are *equally* interested in and concerned with it; each man as much as any other, and no man more than any other.

Patriotism, which consists in pride in one's country and love of her; in willingness to serve her and uphold her honor, is the equal property of all alike without distinction of any kind.

But who are the more deeply affected and afflicted by all great social and commercial disturbances resulting in the withdrawal of capital from borrowers and in the suspension, on a large scale, of industrial enterprises and undertakings? Always and everywhere those who have the least, always and everywhere those who labor by the day or month or year for wages or small salaries; for these depend on being able to work from day to day and from month to month. Always and everywhere those whose sole or principal capital consists in their ability to work, and whose income comes in immediate response to their work, and ceases when such work ceases or flags.

The rich and the well to do, although in such times suffer they must and will with all others, yet have means with which to tide over the crisis. They do not depend upon their daily exertions. It is those who have nothing, or but little, besides their labor or services, who can least afford to have labor and service at a discount for want of employment.

THE PRETENDED RISE OF GOLD.

It is recklessly said, chiefly, if not wholly, so far

as my observation goes, by people who know nothing whatever about it, that gold has doubled in value in the last twenty years or so, while silver has remained steady.

So far as I have seen, *no one* of good repute and acknowledged learning in this class of subjects says so; while experts in such matters *do* say, and so far far as I am informed, generally agree that to ascertain whether gold has risen or fallen in value during that time is an extremely hard and complicated problem, difficult of solution, if solvable at all.

This at least, we all know, and this no one disputes, that, measured by the price of labor, gold has either *fallen* in value during that time, or labor has *risen* in value. Not only are the wages of labor now paid, as high as, or higher than they were twenty years ago or thereabout, but the wages paid to laboring men buys much more of the necessities and comforts of life now than then.

If gold *has* then in fact risen, so far that has been an unmixed blessing to all that immense number of our population who are engaged in manual labor at the innumerable trades, occupations and works which form the foundation of industrial life. If gold *has* risen then, it has been to their advantage, for they have been and are paid on the gold basis,—in gold dollars, or in currency dollars equal to gold dollars.

On the other hand, that silver has fallen in value is made apparently plain by figures that are so easily accessible that we will not at this time stop to consider them.

The production of silver has in that time greatly increased. It costs greatly less to produce it owing to improved methods of mining.

It has probably lessened in value for precisely the

same reason that copper has lessened in value; and everyone in this room knows how immensely copper has fallen in price during that period, and has seen, with his own eyes, the agencies which have brought about this result, in improvements of all kinds in mining and treating copper rock, and in increased production.

But suppose that gold has risen in value, what in the world has that to do with the question now in hand? Is that any reason for permitting the free coinage of silver dollars containing only 52 cents worth of silver? If gold has risen in value and its rise has inflicted loss on people in the past, that is no reason for debasing the standard of value, thereby wronging out of millions of money the people of *this* day who had no hand in inflicting these losses, if losses there were.

If losses were suffered in the past by the appreciation of gold by thousands of men who did business when the appreciation took place, is that any reason or justification for deliberately passing laws to inflict incalculable loss upon millions of men *now*, after the appreciation has taken place?

Are we to rob a million Peters to pay a million Pauls now, because thousands of Johns suffered at the hands of thousands of Jacobs, some vague number of years back?

That kind of vengeance reminds one of the ignorant and violent man who was found unmercifully beating an unoffending and innocent Jew, and who, when remonstrated with, justified his conduct upon the plea that the Jews of old had crucified the Saviour of mankind!

The gross injustice and unpardonable dishonesty of admitting 52 cents worth of silver to free coinage

into a so-called dollar, and making the dollars so coined legal tender for the discharge of all debts public and private incurred in 100 cent dollars, are precisely the same,—are identically the same as would be the passage of a law authorizing the issue of gold coins containing 52-100 only of the gold in the present coins, and making these new and debased coins a legal tender with which to discharge all present debts.

Indeed this is the course recommended in the foolish and dishonest book called "Coin's Financial School" in case the free coinage of silver should fail to raise the silver dollar to an equal value with the gold dollar.

The single sentence in that book containing that recommendation should be sufficient to open the eyes and sting the conscience of any one who has read and been misled by that mischievous publication.

If there is any truth in the notion so persistently put forward, (and in my judgment there is no truth whatever in it) that the stock of gold in the world is not sufficient to maintain the gold standard among the nations which have that standard, that would be good reason for coining silver at an honest ratio to supplement the gold, but no reason whatever for coining it at such a ratio as to enable owners of silver mines and silver bullion to profit at the expense of their fellow citizens.

The fact is that the stock of gold, of late years, has been heavily increasing and is still increasing at a rapid rate, and the facts and figures showing this, are so readily obtainable that I will not now stop to give them.

THE MISTAKEN NOTION THAT SUFFICIENT GOLD CANNOT BE KEPT IN THIS COUNTRY.

He who will firmly hold in mind that money is gold, and that gold is money, and the only universal money, will lose no sleep over the fear that this country will not have all it needs. Money is useless as long as it is kept by its owner. He is anxious to part with it, for only by parting with it, can he get anything for it. He wishes to lend or invest it and thus receive interest. The money, the gold, of the world runs to that country where the best interest can be got for it and the best assurance exists of its safe return to the lender, as naturally and surely as the river runs down to the sea. The United States has been that very country.

From 1878 to 1888, including both years, the value of gold coin and bullion *imported* into this country, over and above the exports of such coin and bullion, exceeded \$220,000,000.

But since 1888 the value of gold coin and bullion *exported* from this country, over and above the imports of such coin and bullion has exceeded \$245,000,000. These are eloquent figures! While confidence existed money came in. When distrust displaced confidence, the money went out. It is safe to say that much, though not all, of this movement of gold was due to those causes.

When the holders of money again feel sure that we are not repudiators; that the government can and will keep its plighted word, and that they will receive when pay-day comes the one hundred cent gold dollars which they may lend us, and not 52 cent silver dollars, the tide of gold or money, the two being the same, will roll our way again.

PRESENT MONETARY SITUATION OF THE GOVERNMENT.

The present financial situation of the government is deplorable.

In 1873, when the silver dollar ceased to be coinable by law, there were practically no silver dollars in existence, as before shown.

But in 1878, under the Bland-Allison act, before mentioned, the purchase of silver for coinage began, and under that act, I find it stated the government coined \$378,166,795 silver dollars, and issued \$342,409,504 in treasury notes called silver certificates.

Under the Sherman act of 1890 the government has coined \$50,000,000 or thereabout, issuing in payment for the silver bullion purchased thereunder, \$141,092,280 of treasury notes called Sherman notes.

As a legacy of the war there is also outstanding \$346,681,016, in treasury notes called greenbacks.

The result of all this is that there is in circulation of this government—issued token money, and representatives of money, about \$60,000,000 in silver dollars intrinsically worth 52 cents on the dollar, and about \$830,000,000 in those various forms of treasury notes intrinsically worth nothing whatever.

The government therefore has taken, and now has upon its shoulders, the burden of maintaining at par with gold this immense mass of token money (for that is what the silver is) and representative paper money.

But this is not all. The National Banks have now out about \$182,000,000 in their notes. To secure the payment of these notes the banks have lodged in the treasury, United States bonds of somewhat greater amount.

These notes under the law are not redeemable in gold by the banks, but may be redeemed by the banks in Government treasury notes or in silver dollars.

The government therefore has on its hands to keep at par with gold these bank notes also, making a total of token and paper money to maintain at par with gold of about \$1,012,000,000.

To maintain token and representative money at par with real money of full value, you must be ready to redeem the former in the latter on demand; and you must keep on hand an amount of gold sufficient to meet any demand for gold likely to be made.

This the government succeeded in doing without special difficulty up to some time in 1893. Its gold was obtained partly by the sale of bonds, but mainly by the receipt of gold into the treasury, in payment of import duties. Distrust in the ability of the government to sustain the credit of this mass of obligations, which had been growing for several years previous to that time, culminated in 1893, at which time the receipts of gold into the treasury for import duties had become very small, and the government was forced in that year to issue its bonds and sell them for gold, and has made two or three other issues since that time. The government, as you know, has but two resources. These are from taxes and loans.

If the taxpayers do not pay their taxes to a sufficient amount in gold, the government must procure gold by issuing its obligations, called bonds, for it. Gold it must have as long as it has the task of keeping good this immense mass of obligations—as long as it remains in the banking business.

I find it stated on good authority that in January, 1890, of the customs dues received by the gov-

ernment, 92.6 per cent were paid to it in gold. In December of that year only 88.3 per cent was in gold. In December, 1891, only 65.4 per cent, and in January, 1893, only 8.9 per cent, and in October and November, 1894, gold receipts practically ceased. They have never since been resumed.

It was mainly these gold payments which, previous to 1893, kept the government gold redemption fund up to \$100,000,000 or more. Importers up to January, 1890, *preferred* to pay the duties on imported goods in gold. They kept their paper money and paid in gold by *preference*, for there was then no law requiring payment in gold. As distrust in the ability of the government to maintain gold redemption grew, importers preferred to hold the gold as the safest money and pay in paper money not so safe. From before 1890 to this time that distrust has been growing not among importers only, but with many others, until the present day when many people have begun to hoard gold. In the spring of 1893 began what has been rightly called the silver panic, that is to say, a check to business and credit largely due to distrust in the ability of the government to maintain its issues at par in gold.

Had not the Sherman act been repealed in the late fall of 1893, the situation would have fast become worse. The business of the country is still today suffering and depressed because of this fear.

At least \$100,000,000 in gold was thought necessary to be kept as a redemption fund in the treasury, when the government had less than \$400,000,000 in paper outstanding. When its paper obligations were increased under the Bland-Allison act of 1878, by over \$300,000,000 more, and when in 1890 the Sherman act authorized the issue of still more mil-

lions of treasury notes, people took alarm and began to *keep* their gold and pay *paper* instead for taxes. They constantly more and more preferred to keep their gold, until in 1893 they ceased to pay gold altogether. The solvency of the government, if not its good faith, began to be doubted. That doubt was a large element in the panic then, and is probably the main, if not the sole, reason of the continued depression in business to this day.

Nothing will dispel or lessen this depression but the triumph of the honest money cause at the polls.

But even after that triumph, the situation will be improved only. Complete confidence will not and cannot be restored until measures are taken to *part* the government for good and all from the banking business.

Laws must be passed for the retirement of the treasury notes; and the banks of the country must, by new legislation, be enabled to issue notes under proper safeguards and restrictions, redeemable by the banks themselves in gold.

To forward these necessary steps will be the business of honest money clubs and honest money voters, no less than to oppose the free coinage of dishonest 52 cent silver dollars, or any dollars containing less than 100 cents of intrinsic value. To secure these results it is no less important to elect honest money members of congress than an honest money president. The congress to be elected next November will have far more power over the money question than the President.

The President approves or disapproves laws, but Congress makes them, and is able to make them, if need be, without the President's approval.

It is to call your attention to the fact that our

work will not be all done next November, that I have made these last remarks.

This club is formed without respect to party. It will contain democrats and republicans, and perhaps men belonging to neither of these two parties.

All who work for the objects for which it is formed will meet its approval and support and are invited to its membership without respect to their party names. It is an honest money President and an honest money Congress that we want. Until this question is settled we cannot afford to indulge our differences of opinion upon other questions. This is the paramount question, and for practical purposes it is the only question with which we are concerned. We can and shall applaud and support, I hope, with what influence we may have, and with our votes, candidates for office who are sound and safe upon this question; and shall oppose in like manner those who are not so, regardless of their party names.

That is the only way out.

We shall not hesitate to vote against members of our own party who are for free silver or for the silver basis, because we believe that the election of such men threatens the honor of our government, the good name of our people, the safety of our business, and the prosperity of all who have a living to make.

And while we applaud the republican party for the stand for honest money taken by it in St. Louis, we shall no less heartily applaud the sturdy and patriotic democrats who, holding the honor of the country above party, did all that men could do to uphold its time-honored principles in Chicago; and

failing in that refused to take further part in the proceedings of that gathering; nor shall we forget, now or ever, that to the patriotic firmness and unflinching honesty of President Cleveland in his high office we owe the fact that our credit and honor are still unsullied in the face of the world.



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